



# House of Representatives

General Assembly

**File No. 242**

*January Session, 2001*

Substitute House Bill No. 5195

*House of Representatives, April 11, 2001*

The Committee on General Law reported through REP. FOX of the 144th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT ESTABLISHING A LEMON LAW FOR NEW COMPUTERS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1       Section 1. (NEW) As used in sections 1 to 5, inclusive, of this act:
- 2       (1) "New computer" means a computer device that is recently
- 3       assembled, unused and contains no reconditioned parts;
- 4       (2) "Computer device" means a central processing unit or terminal
- 5       display screen, including, but not limited to, all circuitry and
- 6       connective devices, printer, modem, scanner or any programming that
- 7       is preinstalled;
- 8       (3) "Time of sale or lease" means the date when a computer device is
- 9       first delivered to a purchaser;
- 10      (4) "Manufacturer" means a person or entity engaged in the business
- 11      of manufacturing or assembling new computers;

12 (5) "Nonconformity" means a defect, condition or malfunction that  
13 impairs the use of a computer device or causes it to operate in a  
14 manner not intended;

15 (6) "Notice" means the method by which a purchaser advises a  
16 manufacturer of a nonconformity, whether transmitted by any of the  
17 following: Certified mail; registered mail, return receipt requested;  
18 facsimile transmission; electronic mail or any means provided for in  
19 the manufacturer's warranty or service materials;

20 (7) "Purchaser" means a person who resides in this state or an entity  
21 that has fewer than thirty personal computers and who obtains a new  
22 computer by lease, retail sale, Internet sale, gift or other transaction.

23 Sec. 2. (NEW) A manufacturer shall provide a purchaser at the time  
24 of sale or lease a disclosure of the purchaser's rights established by this  
25 act, in fourteen point bold-face type. The manufacturer shall secure  
26 from the purchaser a signed acknowledgment that such rights have  
27 been explained and are understood.

28 Sec. 3. (NEW) At the time of sale or lease, a manufacturer shall  
29 conspicuously disclose the name of all software programs or  
30 combinations of programs, by version number, that may cause  
31 operating problems with the device, and shall disclose that such  
32 problems may occur. It shall be the burden of the manufacturer to  
33 prove in any claim brought under this act that such disclosure was  
34 made.

35 Sec. 4. (NEW) (a) A purchaser shall be entitled to repairs by the  
36 manufacturer for any nonconformity that arises during the first  
37 twenty-four months from the time of sale or lease, at no cost to the  
38 purchaser.

39 (b) Not later than five business days after receiving notice of a  
40 nonconformity the manufacturer shall repair the computer device as

41 follows:

42 (1) If onsite service is specified in a warranty, repairs shall be made  
43 by the manufacturer at the purchaser's location without charge.

44 (2) If onsite service is not specified in a warranty, the manufacturer  
45 shall arrange shipping and pay for the cost of shipping from the  
46 purchaser's location.

47 (c) If, at the manufacturer's direction, a purchaser conducts  
48 diagnostic, troubleshooting or attempted repairs, including, but not  
49 limited to, partial disassembly, such repairs shall, for the purposes of  
50 this act, be considered the same as if the repairs were attempted by the  
51 manufacturer pursuant to subsection (b) of this section.

52 (d) The manufacturer shall guarantee all repairs made pursuant to  
53 this section for twenty-four months.

54 (e) If a repair made pursuant to subsection (b) of this section does  
55 not eliminate the nonconformity, the manufacturer, upon notice from  
56 the consumer, shall attempt repair at the purchaser's location to be  
57 completed not later than three business days after receiving such  
58 notice from the consumer.

59 (f) If a repair made pursuant to subsection (e) of this section does  
60 not eliminate the nonconformity, is ineffective or if the manufacturer  
61 fails to timely respond to the purchaser as required under subsection  
62 (e) of this section, or another nonconformity arises the purchaser may  
63 elect:

64 (1) A refund of the full purchase price paid at the time of sale or  
65 lease or the full value of the lease plus finance and collateral charges;  
66 or

67 (2) Delivery of a new computer from the manufacturer, of equal or  
68 greater value than the purchase price paid at the time of sale or lease.

69 (g) A manufacturer may request return of a computer device if the  
70 manufacturer has replaced the device or refunded the purchase price  
71 pursuant to subsection (f) of this section.

72 (h) No computer device returned pursuant to subsection (f) of this  
73 section may be resold in this state.

74 (i) Notwithstanding subsections (g) and (h) of this section, no  
75 manufacturer shall refuse to honor the terms of any warranty  
76 delivered to the purchaser at, prior to or after the time of sale or lease  
77 of a new computer.

78 Sec. 5. (NEW) A manufacturer shall retain records of all contacts,  
79 communications, notices or records of customer service dialogues with  
80 any purchaser and shall maintain a list, including the serial number of  
81 computer devices that a purchaser receives a refund for or replacement  
82 of pursuant to subsection (f) of section 4 of this act. Copies of such list  
83 shall be made available to the purchaser upon demand.

84 Sec. 6. (NEW) A violation of any of the provisions of sections 2 to 5,  
85 inclusive, of this act shall be deemed a deceptive and unfair trade  
86 practice under subsection (a) of section 42-110b of the general statutes.

**GL**            *JOINT FAVORABLE SUBST.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** See Explanation Below

**Affected Agencies:** Department of Consumer Protection

**Municipal Impact:** None

**Explanation****State Impact:**

The bill requires computer manufacturers to repair, replace, or refund the purchase price for defective computers, and requires manufacturers to honor the terms of any warranty. A violation of provisions of this bill is deemed an unfair trade practice. Under the Unfair Trade Practices Act, the Department of Consumer Protection (DCP) has two methods for resolving complaints, 1) formal administrative hearings; or 2) forwarding the complaint to the Attorney General's office for litigation. If most of the cases are handled administratively by DCP, the workload increase to the Office of the Attorney General is expected to be minimal and can be handled within the agency's anticipated budgetary resources. Under the Unfair Trade Practices Act, civil penalties can be imposed for violations, the extent of the additional revenue cannot be determined, as it would depend upon the number of violations which occurred and the amount of the penalties that are imposed. There would be a minimal workload increase for the DCP associated with increased consumer inquiries and

complaints and the possible hearings as a result of this bill. This, along with other minimal cost bills, could cause the Department of Consumer Protection to go beyond the anticipated budgetary resources of the agency.

**OLR Bill Analysis**

sHB 5195

***AN ACT ESTABLISHING A LEMON LAW FOR NEW COMPUTERS.*****SUMMARY:**

This bill requires computer manufacturers to repair defective computers and to replace them or refund the purchase price if they cannot be fixed. It requires the manufacturers to:

1. repair defects in new computers for up to 24 months from the time of sale or lease at no cost to the consumer;
2. guarantee the repairs for 24 months;
3. replace computers that cannot be fixed, or refund the purchase price or the costs of the lease, finance, and collateral charges;
4. notify purchasers of any software programs that may cause operating problems with a new computer; and
5. obtain from the purchaser a signed acknowledgment that his rights under the bill have been explained to him, and that he understands them.

Manufacturers must also honor the terms of any warranty delivered to the purchaser before, at, or after the time of sale or lease. A violation of the bill is a deceptive and unfair trade practice under the Connecticut Unfair Trade Practices Act.

EFFECTIVE DATE: October 1, 2001

**NEW COMPUTER DEVICE**

The bill applies to a central processing unit or terminal display screen, including preinstalled circuitry and programming, and connective devices and such items as printers, modems, and scanners. It covers

computers that are recently assembled, unused, and contain no reconditioned parts.

## **NOTICE TO PURCHASERS**

The computer manufacturer must notify anyone who buys or leases a new computer of his rights under the bill in 14-point boldface type, and he must obtain a signed acknowledgement that the purchaser understood those rights. The bill applies to Connecticut residents and any entity with fewer than 30 personal computers. The bill includes sales made over the Internet, and computers received as gifts.

At the time of sale or lease, the manufacturer must disclose the names and version numbers of all software programs that may cause an operating problem with the computer, either by themselves or in combination with other programs. The manufacturer is responsible for proving it disclosed such information in any claim brought under the bill.

## **REPAIRS**

### ***Initial Repair***

The manufacturer must repair any “nonconformity” that occurs within 24 months of the lease or sale of the computer at no cost to the buyer. Nonconformities include any defect, condition, or malfunction that impairs the use of a computer or causes it to operate in an unintended manner.

The manufacturer must repair the defect within five business days after the purchaser alerts it to the problem. If the warranty calls for on-site service, the repair must be made for free at the purchaser’s location. If the warranty does not include on-site service, the manufacturer must arrange and pay for shipping the device from the purchaser’s location. The manufacturer must guarantee all repairs for 24 months.

Any repairs that a manufacturer directs the purchaser to try himself are considered repairs made by the manufacturer.



***Subsequent Repairs***

If the first repair does not correct the problem, the manufacturer has three business days to try again. The second repair must be made at the purchaser's location. If (1) the second repair attempt fails to correct the problem, (2) the manufacturer fails to conduct the repair in time, or (3) another nonconformity occurs, the purchaser may obtain from the manufacturer either a full refund of the purchase price, or of the lease plus finance and collateral charges, or a new computer of equal or greater value.

A manufacturer may request the return of any computer that it has replaced, or for which it has refunded the purchase price. It cannot resell in Connecticut a computer returned to it.

**RECORDS**

The manufacturer must retain records of all communications with the purchaser, including such information as the serial number of any computers for which the purchaser receives a refund or replacement, and must provide this information to the purchaser upon request.

**COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 11      Nay 5